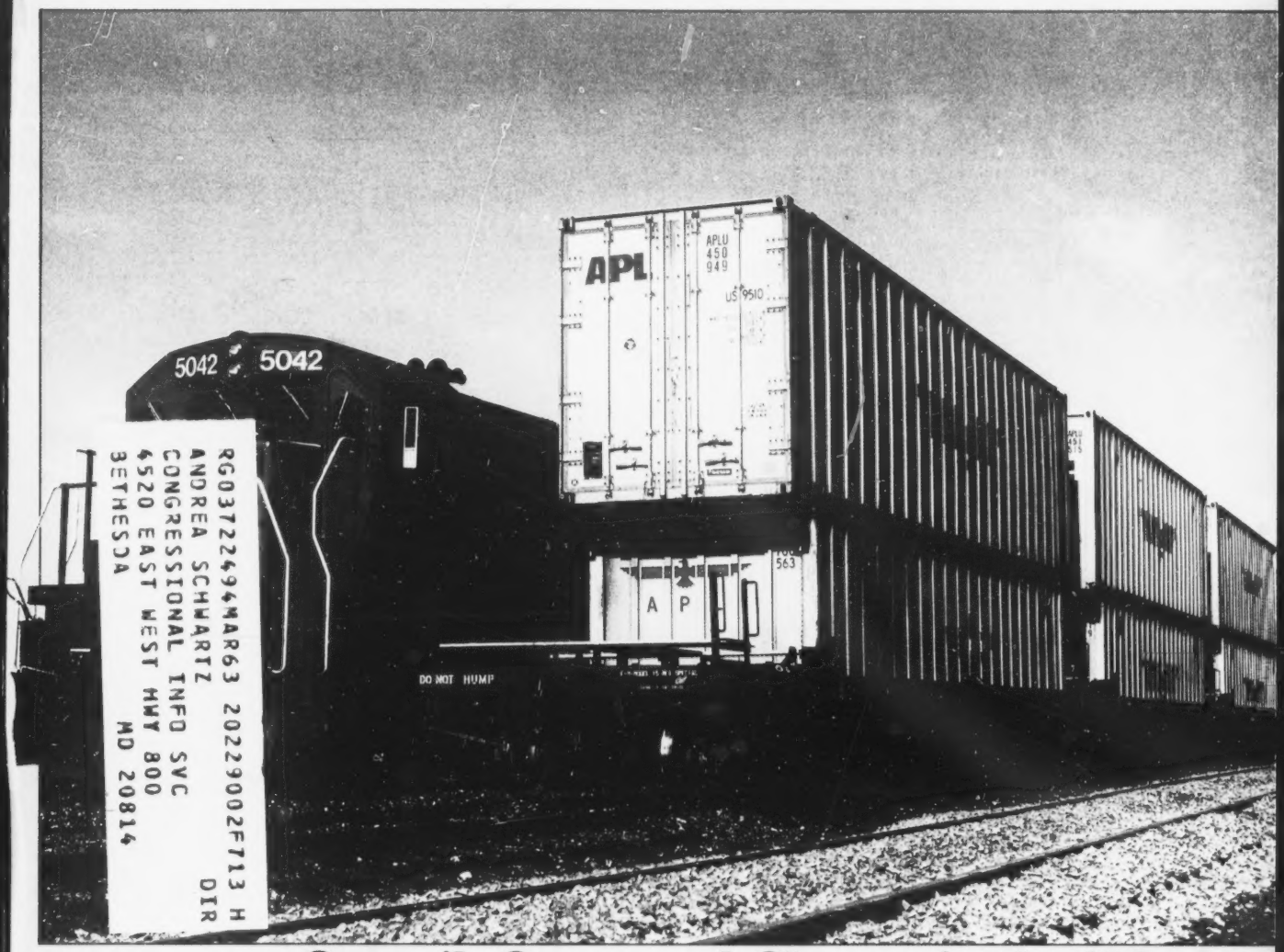
A slow order for Los Angeles Metrorail?

August 1984

RAILWAY AGE

...for the new age of railways

The magic of microprocessors



Conrail, Crane and Change in the '80s

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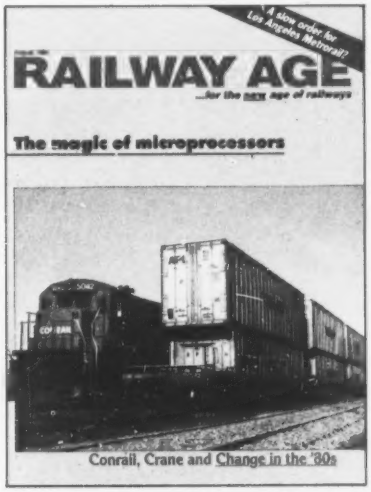
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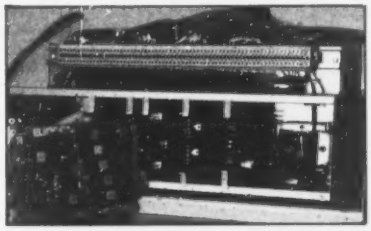
Cover: APL double-stack container cars on Conrail. Photo by Roy Blanchard. *Page 33.*



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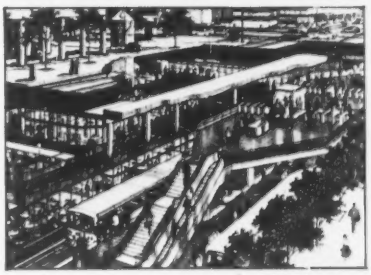

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A moment Los Angeles has worked toward for 30 years—ground-breaking for a subway—will be delayed as federal funding problems are tackled.

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Inside

The Conrail/Crane factor

LUTHER S. MILLER

Wall Street regards L. Stanley Crane as something of a wizard—a management Merlin who transformed a red-ink property into a coveted blue chip. His fellow railroaders know Crane as a shrewd and tough manager who runs his business well because he makes it his business to know every aspect of it. Crane sees himself, he told *Railway Age* the other day, as "just a nuts and bolts railroader." If he has any ability as a manager, he said, it has come from his good fortune in finding the right people at the right place at the right time—which (he added) is just what he found at Conrail. "The job of the chief executive officer," said Crane, "is to wave his hands when he sees something going wrong, get someone pointed in the right direction, and then get out of his way and let him do it."

When *Railway Age* asked Crane to address the broad question of "Change in the '80s"—the subject of a year-long series in this magazine—he protested that he was "not really very good at that kind of highfalutin' talk."

But in a taped exchange with the editor and the publisher of *Railway Age,* Conrail's chairman and CEO came across not only as a nuts and bolts railroader (with a particular passion for good track, well and inexpensively maintained) but as a man singularly well equipped to comment on some of the more "highfalutin" aspects of the changing railroad scene—among them, politics and productivity. A transcript of the interview starts on p. 33.

Showtime—in Boston, Chicago, Washington

The transportation business is booming, and the carriers—freight and passenger—are in a buying mood. So it's no surprise that suppliers have been signing up in record numbers for four major equipment shows that will take place in the next couple of months. First on tap (Aug. 19-22) are exhibits of the Railway System Suppliers, which are being mounted in connection with the AAR's C&S Division meeting in Boston. In July, RSS had already exceeded its goal of 110 sold exhibit spaces. Another sellout, by all early indications, will be RAILEXPO '84, which the Railway Supply Association will stage in Chicago (Sept. 22-26) concurrently with meetings of the Coordinated Associations. That will be followed by the American Public Transit Association's International Transit Expo '84 in Washington (Sept. 30-Oct. 4), which will be overlapped by exhibits that U.S. and foreign suppliers will put together for the Pan American Railway Congress in Arlington, Va. (Oct. 3-9).

Railway Age will be present at all of these, with extra copies of the August and September issues, respectively, available for convention delegates.

Market Outlook

Equipment

California DOT: Placed a $23-million order with the Electro-Motive Division of General Motors for 18 new diesel-electric locomotives. The units are scheduled for delivery in first-quarter 1985, when Caltrans is also to receive the first shipment of 63 commuter cars ordered from Sumitomo.

CP Rail: Placed a $7-million order with National Steel Car to equip 100 tri-level cars with fully enclosed racks.

Conrail: Is building 250 52-foot, 100-ton gondola cars, for scrap metal shipments, at its Hollidaysburg, Pa., shop. The order, estimated to cost $9.6 million, is to be completed late in November.

Seaboard System: Will refurbish up to 1,400 80-ton coal hopper cars, at a cost of around $8,500 per car, at its South Louisville shops.

Trailer Train: Ordered 75 Impack cars from Itel. This follows an earlier order for 20 cars which TT placed with Itel last year. The cars are built for Itel by FMC's Marine & Rail Equipment Division.

Wisconsin Power & Light: Ordered 127 Coalporter cars from Bethlehem Steel, which will build an additional eight cars as "tack-on" orders for a total production run of 135 cars. Bethlehem recently completed production of 397 Coalporters at its Johnstown, Pa., plant.

Facilities

GO Transit: Awarded a $381,000 (Canadian) contract to RMS Industrial Controls of Mississauga for fare collection equipment (manufactured by Associated Electronic Services of Perth, Australia) to be tested on the Milton rail line.

Greater Cleveland Rapid Transit Authority: Union Switch & Signal Division of American Standard is the apparent low bidder, at $3.2 million, for supply of a computer-based traffic control center for GCRTA.

Freight cars

	DELIVERED June 1984	June 1983	May 1984	Six months 1984	Six months 1983
Built new by carbuilders	1,771	338	755	4,898	2,104
Built new in RR shops	0	0	0	0	200
Built new—total	1,771	338	755	4,898	2,304
Rebuilt	0	0	0	0	0
TOTAL DELIVERED	**1,771**	**338**	**755**	**4,898**	**2,304**
ORDERED					
To be built new by carbuilders	2,744	150	1,301	10,189	2,566
To be built new in RR shops	250	0	0	250	3
To be built new—total	2,994	150	1,301	10,439	2,569
To be rebuilt	0	0	0	0	100
TOTAL ORDERED	**2,994**	**150**	**1,301**	**10,439**	**2,669**

ON ORDER AND UNDELIVERED

	July 1 1984	July 1 1983	June 1 1984	Average Backlog 1984	Average Backlog 1983
To be built new by carbuilders	7,017	4,556	5,723	6,435	4,289
To be built new in RR shops	250	3	0	42	45
To be built new—total	7,267	4,559	5,723	6,477	4,334
To be rebuilt	0	100	0	0	33
TOTAL ON ORDER	**7,267**	**4,659**	**5,723**	**6,477**	**4,367**

Source: American Railway Car Institute
Note: June 1984 figures include estimated tank car orders for April, May and June.

Locomotives (new and rebuilt)

DELIVERED	1984	1983	BACKLOG	1984	1983
May	16	22	June 1	229	127
April	39	28	May 1	249	127
Five months	131	112	Average	147	87

Source: Transportation Div., AAR

Estimated ownership—all revenue freight cars

June 1, 1984 vs. June 1, 1983

		Box	Covered Hoppers	Gondola	Hopper	Flat	Refg.	All Others	TOTAL
Class I RRs	1984	260,496	162,196	126,646	278,204	84,350	52,239	21,420	985,551
	1983	279,267	164,282	130,842	289,300	84,623	55,227	22,720	1,026,261
Class II & S&T Cos.*	1984	48,284	9,866	10,128	11,948	4,745	3,244	3,397	91,632
	1983	50,396	9,532	10,698	11,178	5,092	3,371	2,966	93,233
Railbox-Railgon	1984	15,072		3,997					19,069
	1983	15,533		3,998					19,531
RRO&C** Refgs.	1984						5,911		5,911
	1983						4,924		4,924
Private	1984	543	125,584	28,027	22,021	53,349	1,196	183,656	414,376
	1983	420	128,822	27,740	21,278	54,021	2,383	185,046	419,710
GRAND TOTAL	1984	324,395	297,666	168,798	312,173	142,444	62,590	208,473	1,516,539
	1983	345,616	302,636	173,278	321,756	143,736	65,905	210,732	1,563,659

*Class II railroads and switching terminal companies.
**Railroad owned and controlled refrigerator car lines.
Source: Transportation Div., AAR.

Market Indicators

Key economic indicators of railroad traffic, 1983-1985E(a)

	1983	1984E 1st QtrR	1984E 2nd Qtr	1984E 3rd Qtr	1984E 4th Qtr	1984E Year	1985E 1st Qtr	1985E 2nd Qtr	1985E 3rd Qtr	1985E 4th Qtr	1985E Year
Gross National Product, billions											
Constant (1972) dollars	1,535.3	1,606.0	1,618.0	1,638.0	1,657.0	1,630.0	1,675.0	1,686.0	1,702.0	1,713.0	1,694.0
% increase											
Year-over-year	3.4%	7.8%	6.1%	5.4%	5.4%	6.2%	4.3%	4.2%	3.9%	3.4%	3.9%
From previous quarter		8.8	3.0	5.1	4.5	—	4.5	3.0	3.8	2.7	—
Industrial Production Index (1967 = 100)	147.6	159.8	164.0	166.0	168.0	164.0	170.0	172.0	174.0	175.0	173.0
% increase											
Year-over-year	6.4%	15.4%	13.5%	9.4%	8.0%	11.1%	6.4%	4.9%	4.8%	4.2%	5.5%
From previous quarter		11.1	10.5	4.9	4.8	—	4.8	4.7	4.7	2.3	—
Auto sales, million units sold in United States	9.2	10.6	10.2	10.5	11.1	10.6	10.6	10.4	11.0	11.2	10.8
% increase											
Year-over-year	15.5%	26.2%	10.9%	12.9%	12.1%	15.2%	—	2.0%	4.8%	0.9%	1.9%
From previous quarter		28.3	(15.1)	11.8	22.9	—	(18.0)	(7.5)	23.1	7.3	—
Housing starts (private), millions	1.70	1.96	1.90	1.80	1.80	1.87	1.70	1.60	1.70	1.70	1.68
% increase											
Year-over-year	60.4%	19.5%	12.4%	1.1%	5.9%	9.5%	(13.3)%	(15.8)%	(5.6)%	(5.6)%	(10.2)%
From previous quarter		61.2	(12.2)	(21.1)	—	—	(22.2)	(23.5)	25.0	—	—
Corporate profits											
% increase											
Year-over-year	13.5%	37.2%	17.9%	13.1%	18.3%	20.7%	18.5%	20.7%	14.7%	14.8%	16.5%

(a)As forecast by the Goldman Sachs Economic Research Group. All data is seasonally adjusted and growth rates for successive quarters are seasonally-adjusted annual rates of change.
R-Reported

Source: Goldman Sachs Research

Revenue freight carloadings

Commodity	July 14 week	% change from 1983	July 7 week	% change from 1983	June 30 week	% change from 1983	June 23 week	% change from 1983
Grain	28,794	(4.4)	24,469	(11.9)	27,225	13.9	24,767	(2.2)
Other farm products	3,475	(25.0)	3,359	(11.9)	3,763	(13.6)	3,744	(8.1)
Metallic ores	18,613	(11.7)	17,007	(11.8)	18,029	(18.4)	20,569	(7.7)
Coal	112,976	21.6	85,494	38.6	112,418	46.7	125,966	20.0
Crushed stone, gravel and sand	12,706	12.3	11,230	27.8	13,586	25.8	12,642	13.4
Nonmetallic minerals	13,271	15.7	11,238	16.1	12,414	8.5	11,823	0.1
Grain mill products	9,772	(12.9)	8,871	(7.5)	10,108	(9.6)	10,270	(10.2)
Food and kindred products	10,626	(5.4)	9,262	0.7	11,257	(2.0)	11,184	1.1
Primary forest products	13,452	(10.4)	9,504	(7.2)	14,044	6.3	14,129	(1.2)
Lumber and wood products (except furniture)	6,753	(3.6)	4,991	1.9	7,815	(2.7)	7,424	(4.3)
Pulp, paper and allied products	13,959	(1.9)	13,137	11.5	15,516	2.0	15,181	(2.9)
Chemicals and allied products	23,056	9.6	19,812	12.9	24,014	3.6	23,332	8.2
Petroleum products	4,870	4.4	4,093	4.8	4,842	0.7	4,945	3.0
Stone, clay and glass products	11,531	(0.2)	10,157	6.9	11,941	13.3	11,522	8.5
Coke	5,344	(7.3)	5,327	6.0	5,402	(5.1)	5,375	(0.7)
Metals and products	8,834	13.6	7,803	30.6	10,557	17.5	9,888	24.5
Motor vehicles and equipment	15,830	9.2	13,819	19.3	19,024	11.9	21,007	15.2
Waste and scrap materials	8,919	10.8	6,967	20.3	9,655	25.5	10,107	23.0
Forwarder and shipper assn. traffic	7,003	(8.7)	6,167	(5.4)	7,805	(10.1)	7,182	(13.9)
All other carloads	55,584	14.3	50,555	24.9	60,938	14.1	58,207	12.3
LCL traffic	164	(23.0)	182	(11.7)	217	(22.8)	221	(25.1)
Total Cars Loaded	**385,532**	**7.1**	**323,444**	**14.2**	**400,570**	**14.9**	**409,485**	**8.6**

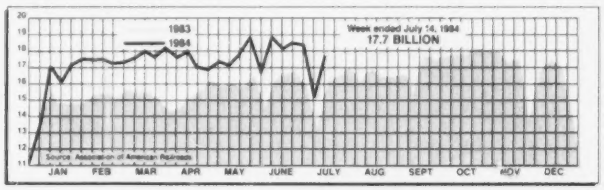
Estimated revenue ton-miles (billions)	1984	1983	% change from 1983
28 weeks	495.9	428.8	15.6

Piggyback loadings

Week ended	Cars loaded 1984	% increase from 1983	Trailers/ containers 1984	% increase from 1983
June 16	50,426	8.4	88,486	9.7
June 23	52,104	10.9	87,578	6.7
June 30	53,831	11.6	93,842	12.3
July 7	44,757	20.9	73,941	16.0
Cumulative total,				
27 weeks	1,359,084	17.2	2,342,275	17.1

Rail freight traffic trends

Billion ton miles (Estimated)



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